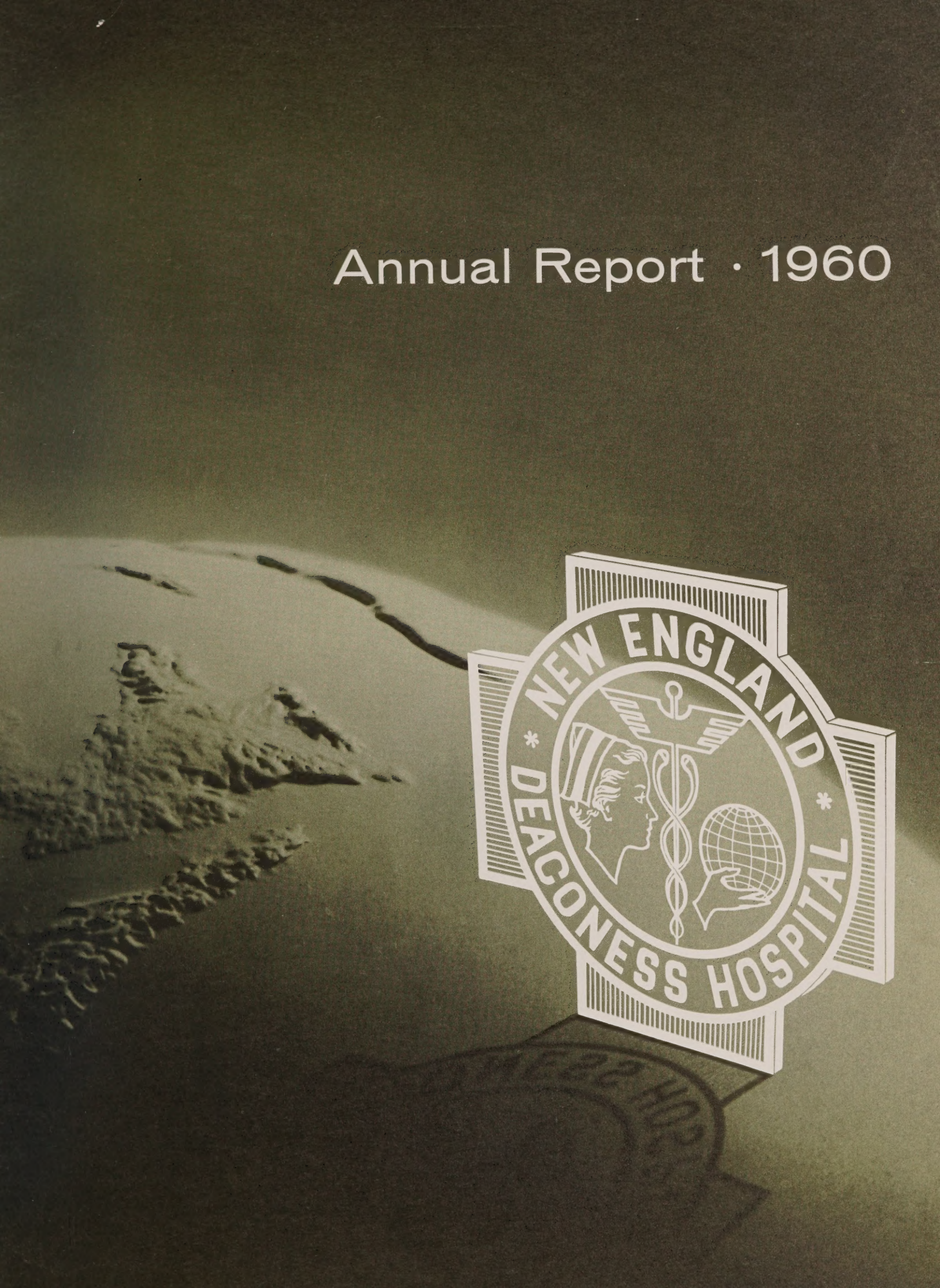
Annual Report · 1960



GENERAL ELECTRIC

The PRESIDENT'S REPORT

COST of medical care has become in recent years as popular a subject for public controversy as politics, foreign relations and nuclear warfare. It is ironic, perhaps, but understandable that the institutions and professions which have provided humanity's greatest benefits have become the target of some of the public's severest criticism.

This criticism is understandable because it is based on lack of information; because it is based on our own failures to understand and explain to others the changes that are taking place in the realm of medical science and, accordingly, in hospital costs.

No efficiently managed hospital need apologize for today's hospital costs. No progressive hospital should lack the factual evidence to prove that the greatest bargain today is the purchase of health, alleviated suffering, and extended life.

Inevitably we try to explain rising hospital costs by showing the cost increases on salaries, food and miscellaneous supplies which parallel national inflation. This certainly is a starting point, but it is nothing more than that. The real answer lies not in what the hospital must expend to serve its patients, but in what it gives; not in what the patient pays, but in what he receives.

What have the modern hospital and modern medicine given to the American public? Startling figures from the insurance companies reveal that a male child born today has a life expectancy more than five years longer than a child born 20 years ago. A female child is endowed with seven years of added life. How much more lifetime income and happiness this represents!

The public — our patients and potential patients — hasn't stopped to think of the changes that have taken place in the last two decades. Consider the radically shortened length of hospitalization and its economic implications. A major accomplishment has been the prevention of post-operative heart attacks, phlebitis, cerebral accidents, pneumonias and infections. Such progress can be measured financially in longer life, reduced length of hospitalization and shorter periods of convalescence.

Consider the financial benefit to the average patient with a stomach ulcer of the type that can be handled medically. In 1940 this patient would have stayed in the hospital 22 days. His average stay in 1960 is 10 days — less than half the time.

Think of the number of pneumonia patients who were hospitalized in 1940. There are few today. In 1940 the patient who was hospitalized with uncomplicated pneumonia remained for 17 days. Today his stay is only 10 days.

Hospital treatment of nephritis offers a dramatic contrast. The 1940 patient was in the hospital 29 days — almost a month. In 1960 his average stay is but eight days.

Many ailments that formerly required surgery are now controlled medically. But doctors can't as yet control an acute appendix. In 1940 the average patient who had an appendectomy faced a 15-day hospitalization period. Today he normally can go home after five days.

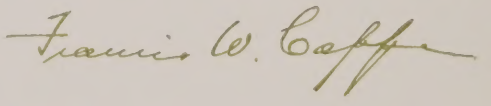
This is part of the story we must tell the public. Use simple arithmetic: in 1940 the patient who had an appendectomy paid only $10 a day in our hospital. He stayed 15 days and his bed, food and all other routine services cost him $150. Today, he pays 2½ times as much — $25 a day — but in 1960 he stays only five days so the total cost is $125. Should hospitals be criticized for reducing this patient's cost from $150 in 1940 to $125 in 1960 — a period when the average workingman's salary has doubled?

More and better laboratory tests — many of them unknown in 1940 — are increasing hospital costs. X-ray procedures, made possible by machines costing thousands and hundreds of thousands of dollars, are increasing hospital costs. Highly trained personnel are required to perform these tests and to operate the X-ray machines. But what patient can say the cost is not justified when it relieves his suffering and saves his life?

In return for the expense of medical progress, today's patient often can be treated medically rather than undergo surgery as formerly required; the suffering of serious illness can be relieved by better medications; illness can be discovered sooner and treated earlier through the revelations of laboratory tests, and, again, the period of hospitalization and convalescence can be shortened.

These are the important facts that the public must understand if hospitals are to have the continued support they need and the freedom from unfounded criticism they deserve.

The corporation and board of trustees have a very clear responsibility for the financial management and the policy decisions of a hospital. However, they have just as important a responsibility in telling at every opportunity the hospital story to those who are uninformed.



FRANCIS W. CAPPER
President

The EXECUTIVE DIRECTOR'S REPORT

AN unexplainable change has taken place in the census pattern of the New England Deaconess Hospital. Prediction of our future census is now far more difficult and accordingly our expenditures must be watched more carefully than ever.

In the past, the levels of occupancy were in definitely established monthly patterns and we were able to predict with extreme accuracy the total number of patient days approximately one year in advance. For the year ended, for example, we predicted 112,000 patient days; our actual count was 111,895.

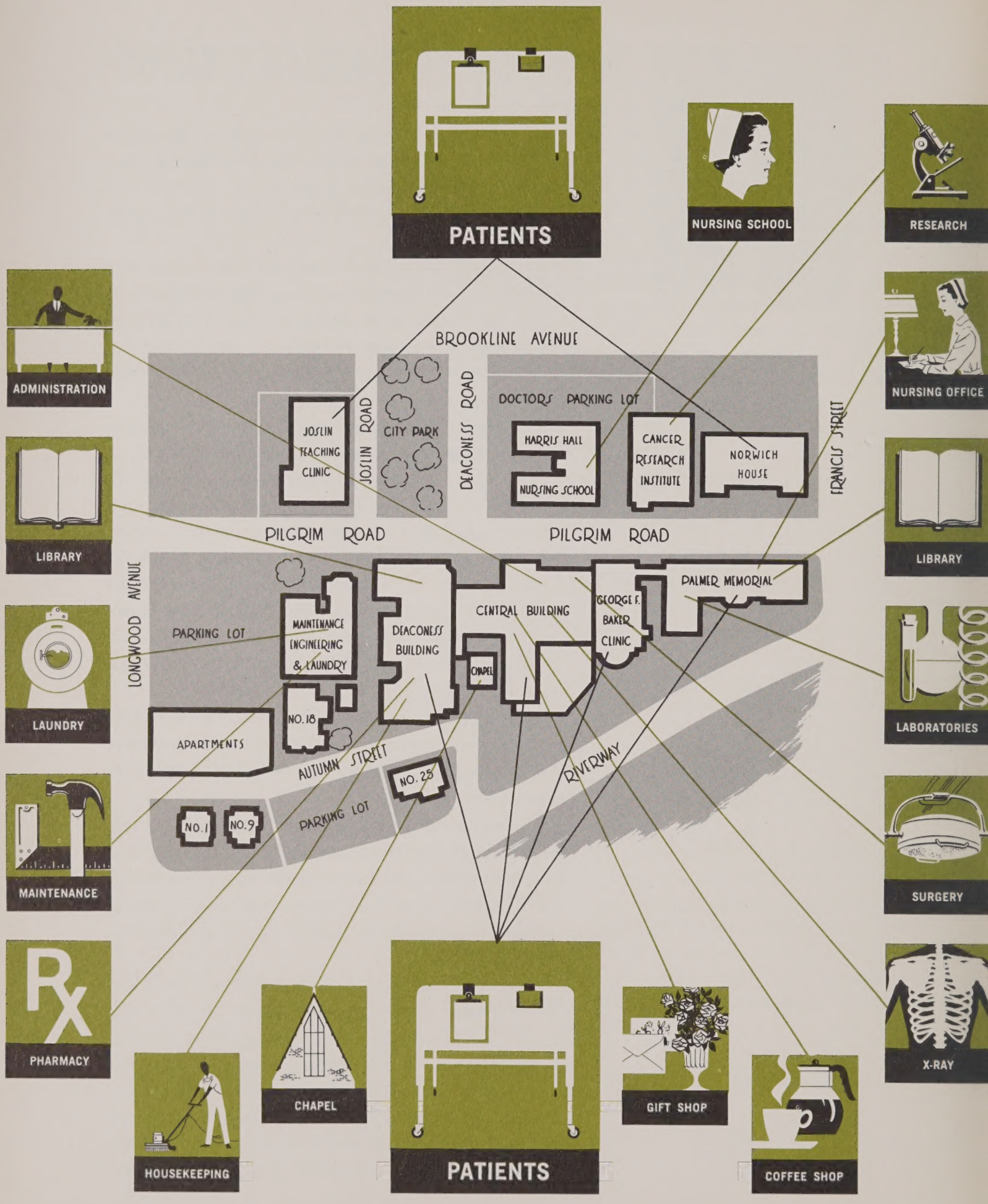
By carefully controlling our expenditures, we have generally been within a range of ½ per cent to 1½ per cent of breaking even for the past 10 years. This was true when our budget was $2 million as well as last year when it was $5 million. Last year we were within 1 3/10 per cent of the break-even point. Few businesses can operate as closely to their predictions.

Now, however, the pattern has changed. There was no logical explanation as to why March — normally an extremely busy month — should have been slow this year, or why this was also true for the latter part of September and some other months.

An accurate look into the future is now a more complex problem. Consequently, we must control our expenditures with extreme caution in order to maintain the firm financial structure of the past.

Although we had fewer patient days last year than in 1959, there was an increase in the number of both contractual and insured patient days. Each year, more patients are covered by insurance, and it is interesting to note that there is a steady increase in the number of patients who have more than one policy.

With each passing month, our medical staff admits fewer routine patients and more of the difficult diagnostic and medical cases and complicated surgical procedures. This has resulted in a heavy increase in laboratory and X-ray examinations, intravenous therapy, and the number of consultations. There has also been an increase in our length of stay and, with more cases being handled medically, a steady decrease in the number of surgical cases and blood bank procedures.


PATIENTS
NURSING SCHOOL
RESEARCH
ADMINISTRATION
NURSING OFFICE
BROOKLINE AVENUE
JOSLIN TEACHING CLINIC
JOSLIN ROAD
CITY PARK
DEACONESS ROAD
DOCTORS PARKING LOT
HARRIS HALL
NURSING SCHOOL
CANCER RESEARCH INSTITUTE
NORWICH HOUSE
FRANCIS STREET
PILGRIM ROAD
PILGRIM ROAD
LIBRARY
LIBRARY
LONGWOOD AVENUE
PARKING LOT
MAINTENANCE ENGINEERING & LAUNDRY
DEACONESS BUILDING
CENTRAL BUILDING
CHAPEL
GEORGE F. BAKER CLINIC
PALMER MEMORIAL
LAUNDRY
LABORATORIES
APARTMENTS
NO. 18
AUTUMN STREET
NO. 25
RIVERWAY
NO. 1
NO. 9
PARKING LOT
MAINTENANCE
SURGERY
PHARMACY
X-RAY
CHAPEL
GIFT SHOP
HOUSEKEEPING
PATIENTS
COFFEE SHOP

During the past year, the number of shock therapy treatments has decreased steadily because of the new medications which are effective in many cases. However, with the exception of this past summer, Norwich House occupancy has been satisfactory.

I am sure it is apparent why it is difficult for the professional departments to keep abreast of the changes taking place. Coupled with the problems that accompany these changes, we are faced with unusually heavy discharges on week ends. More than once in recent months as many as one-third of the total number of patients in the Hospital have been discharged over one week end. Hospitals as well as industry have been affected by the five-day week. It is interesting to note that a large number of patients are now able to complete their hospitalization in a period that coincides with the normal work week.

Let us review some other changes and accomplishments of the past year. We dedicated the Horrax Memorial Library which has proven to be an excellent adjunct to our teaching facilities and of great value to members of our Senior Medical Staff. In May, nursing salaries were increased to a base of $75 a week. In October, we adopted a minimum wage of $1.15 an hour. Many items of equipment have been purchased, costing a total of $140,000, and many areas throughout the Hospital have been redecorated and renovated. A new roof has been installed at No. 1 Autumn Street, and a garage for snowplows, power mowers, and other outdoor equipment has been constructed. Our plant is in excellent condition (considering the age of some of our buildings) and for the first time in at least twenty-five years the inspectors from the insurance companies made no recommendations on their last survey.

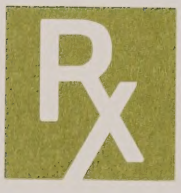
Through the extensive assistance of the Friends of the Deaconess, we have purchased an autoanalyzer for the laboratories, a sound projector for the School of Nursing, an electronic filter for the air conditioning system in surgery, and additional air conditioning for Harris Hall. No gift from the Friends has proved of greater value than the paging system. This enables us to locate personnel quickly, both within the Hospital and within a range that includes the Lahey Clinic and the Baptist Hospital, saving Hospital personnel and staff members many valuable hours and unnecessary trips.

Last spring, we discovered that Blue Cross had overpaid us a total of $73,000. This was a severe blow to our cash position. It could not be anticipated with our previous bookkeeping system and method of compiling data. Because of our ever-increasing need for current data, we decided to install IBM equipment. The first of this equipment arrived before the end of our fiscal year and is now in use. It will be of great assistance in providing information in such areas as our current status with Blue Cross, our inventories, accounts payable, and payrolls. The $73,000 has been repaid, and we believe we will never again find ourselves in a deficit position with Blue Cross.

This year, we accepted our first administrative resident. Mr. Hubert Sycamore came to us from the University of Michigan and will be with us until July first, when he will receive his master's degree in hospital administration.

Our budget for the coming year is approximately $5½ million. Many changes are taking place, and the Deaconess is entering another new era of even greater specialization.

Last year, at our annual meeting, I mentioned the need for additional parking facilities and a doctors' office building. This need came closer to realization when we purchased the property bounded by Francis Street, Brookline Avenue, and the Riverway. This area has 57,000 square feet of land, and we believe it will be ideal for an office building and parking facility. The Board of Trustees has voted the funds necessary for preliminary investigation, and building and finance committees have been appointed.



A Radiation Center is planned at the Deaconess. We have been successful in having legislation passed which gives the City of Boston the right to sell or lease us the property under Joslin Park. We believe this would be the ideal location for such a facility. We have filed an application to the National Institutes of Health for $900,000 which would cover one-half of the cost of construction. The balance can be raised from outside sources.

We have also applied to the National Institutes of Health for 100 per cent of the cost of construction and funds for annual operation of a Clinical Research Center for radiation therapy. The Executive Committee of the Trustees has authorized administration to negotiate with Harvard Medical School with reference to the provision of facilities for a

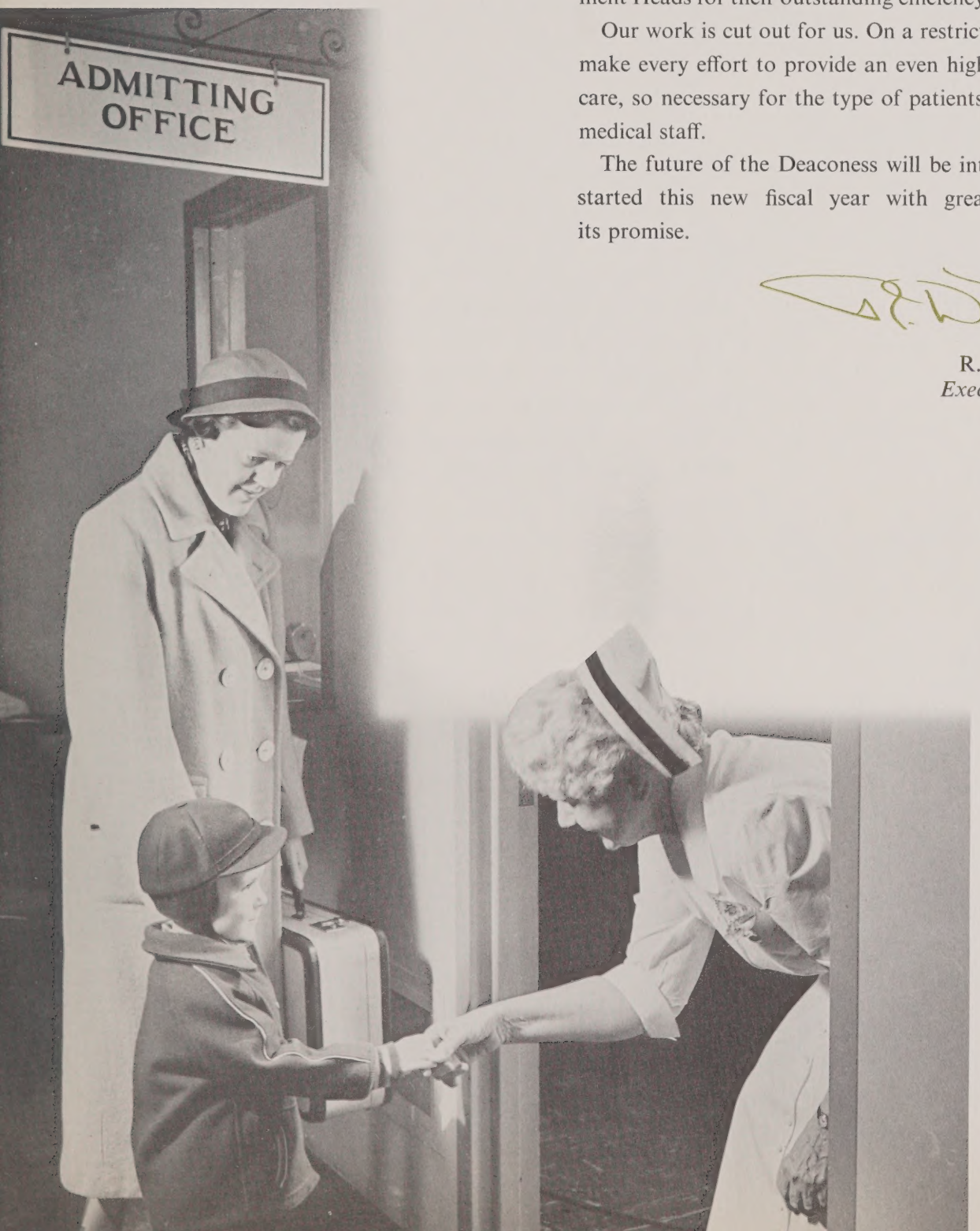
Professor of Radiology who might direct the activities of the proposed Radiation Center.

If a hospital is to run at its maximum efficiency, there must be close teamwork between the members of the Executive Committee of the Trustees and the Administrative Officers of the hospital; there must be equally close teamwork between Administration and all Department Heads. In this respect our Hospital is most fortunate. Once again, I wish to thank the members of our Executive Committee for their whole-hearted co-operation and support and to commend our Associate Director, Mr. Wesley D. Sprague, and all Department Heads for their outstanding efficiency and co-operation.

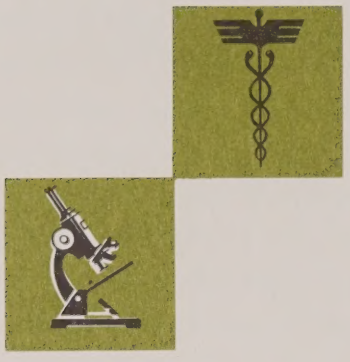
Our work is cut out for us. On a restricted budget, we will make every effort to provide an even higher level of patient care, so necessary for the type of patients sent to us by our medical staff.

The future of the Deaconess will be interesting. We have started this new fiscal year with great anticipation of its promise.

R. D. Lowry
Executive Director



ANNUAL REPORT of the MEDICAL STAFF



THE New England Deaconess Hospital has continued to maintain a high standard of medical care. It has been able to do this not only because of the excellent facilities in organization and equipment available but also because the medical staff includes physicians and surgeons who are leaders in their respective fields.

As in the past, a high percentage of the patients admitted to this Hospital have presented problems of unusual complexity. This is especially true in relation to diseases of the heart and lungs, goiter, obstruction of the bile ducts, cancer of the digestive organs and genito-urinary system, brain tumors and other diseases affecting the central nervous system. The teamwork of medical and surgical specialists has made it possible to deal with many of these conditions with increasing success.

Attention should be directed toward the changing conditions in relation to the treatment of diabetes. The number of diabetic patients in the country is steadily increasing for various reasons and the number of patients with diabetes of long duration is growing because the factors limiting life expectancy have been modified. As a result of these two factors, the number of emergencies, such as diabetic coma in undiagnosed and neglected cases, continues about the same; the character of the medical problems presented by the older diabetic patients has become more serious. In the Hospital Teaching Unit a large proportion of patients have diabetes of long duration and have presented a variety of complications requiring careful study and special diagnostic methods. The work of this Unit, therefore, is increasing, in respect to both the number of patients and the complications presented, including disorders affecting the eyes and kidneys. Special personnel and equipment will be engaged in the coming year in a study of the early detection of such complications.

Teaching in regard to diabetes has continued to increase. The number of student nurses who come to us from training schools in Greater Boston and nearby states has increased. They come for periods of one to two days up to seven or ten days. Students from two local medical schools receive instruction. A postgraduate course in diabetes given by the Harvard Medical School under the direction of Dr. Alexander Marble was repeated this year.

The residency program of the Hospital has contributed

important assistance in the care of patients and has also given a selected group of young physicians the opportunity to enable them to qualify for certification as specialists in various fields. This experience is secured by physicians holding Lahey Clinic Fellowships, as well as by the residents holding direct hospital appointments.

The training of one group of medical residents is shared jointly by the medical department of the Lahey Clinic, the Joslin Clinic, and the general medical staff. This provides a breadth of experience which affords an unusually sound foundation in the field of internal medicine.

In addition to the program of instruction for the nurses and young physicians in training, the members of the staff continue to share their experiences in the quarterly staff meetings, in the weekly clinical pathological conferences, and at numerous conferences of small groups.

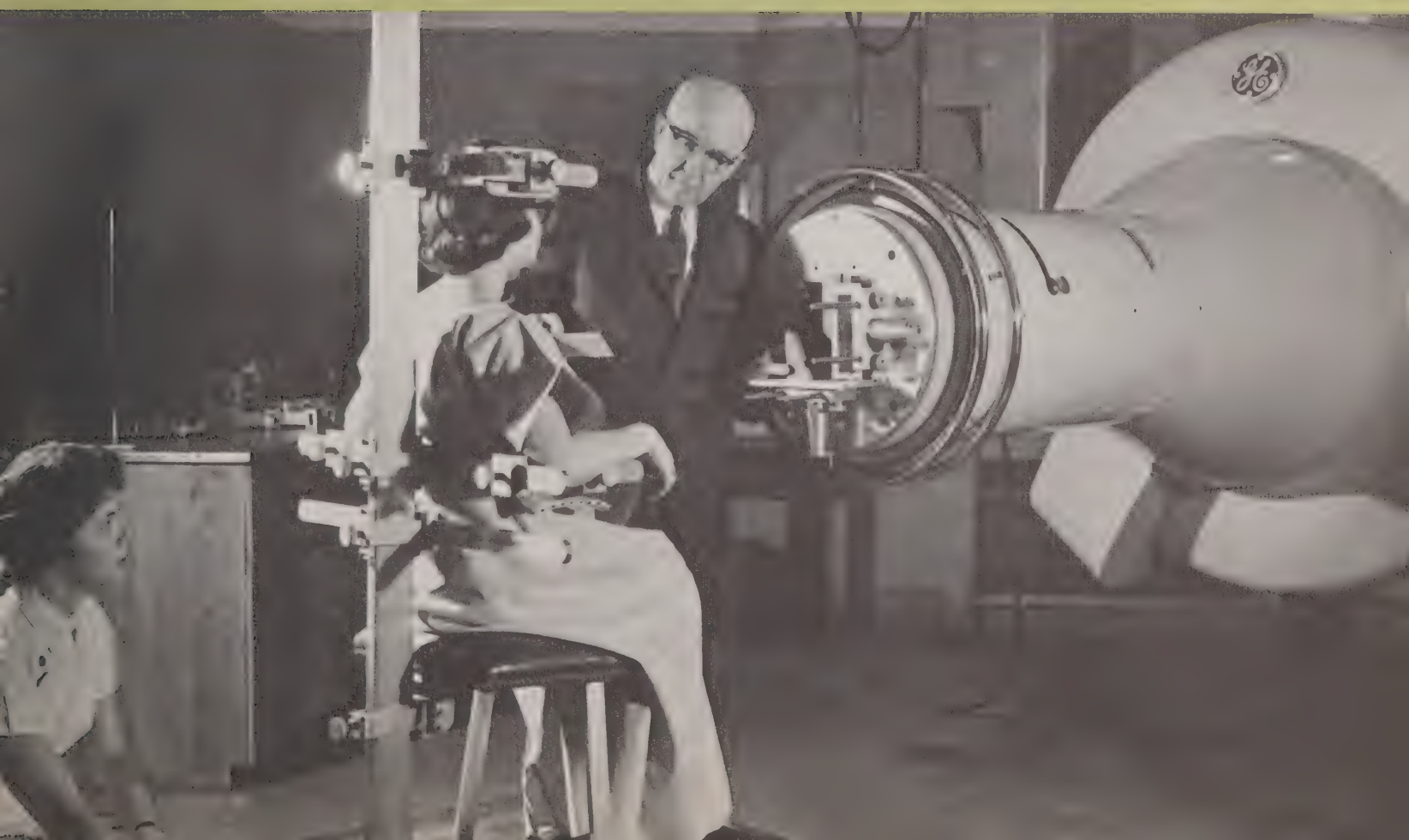
The general medical and general surgical groups meet at breakfast on a Saturday morning once each month. These meetings have been well attended. The agenda include discussions concerning hospital problems, patient care, the residency program, death and autopsy reports, and other

topics of interest to the medical staff. Representatives of the administrative, X-ray and laboratory departments have attended regularly.

Residents in Surgery continue to be assigned to the New England Deaconess Hospital from the Harvard Teaching Service at the Boston City Hospital under the direction of Dr. Charles C. Lund and Dr. John V. Pikula, both of whom are members of the surgical division of our general staff. This arrangement has been of great mutual benefit.

The Department of Radiology has carried out approximately the same number of examinations and treatments as in the previous year but actually the work load of the department has increased significantly because of the increasing proportion of difficult and complicated cases in the Hospital.

The Department of Radiology has acquired a combination radiographic and fluoroscopic unit with image amplifier and ciné-camera. This ciné-camera was donated by a group of grateful patients. It has already provided interesting studies of the heart and great vessels, and muscular activity of the urinary tract and the esophagus. It is expected that these studies will aid materially in the solution of difficult diagnostic

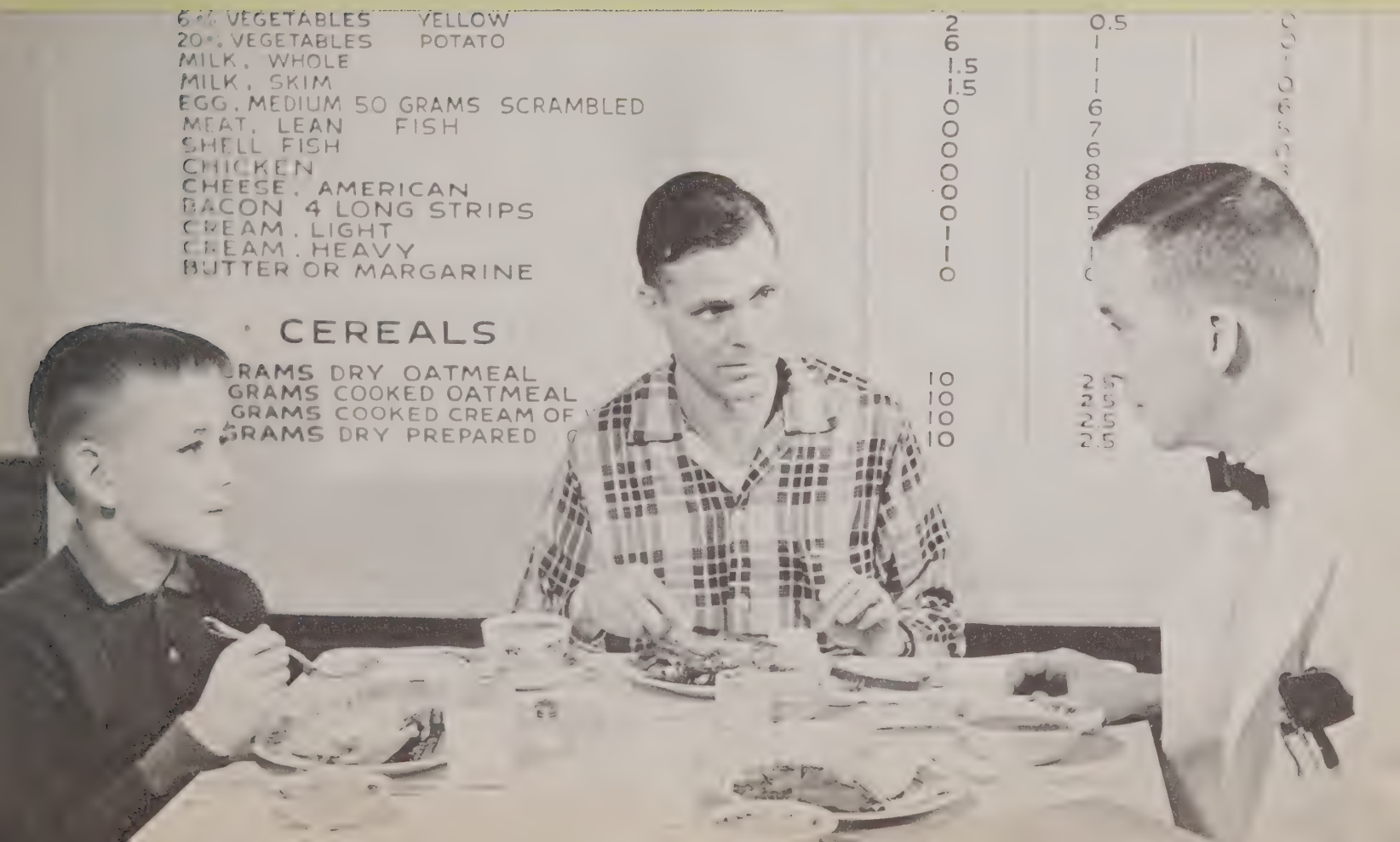


Blood pressure
Systolic 110/
Diastolic

problems. The use of high voltage radiation therapy has continued to receive special attention. The results have been enhanced by the combined use of new chemical agents. Favorable responses have been secured in dealing with several tumors which were previously thought to be highly radioresistant.

The Cardiopulmonary Laboratory has continued to provide important aid in dealing with cases in which surgical procedures have been undertaken to correct certain types of heart disease, as well as diseases of the lungs. The records show a substantial increase in the number of such surgical operations.

The Laboratory of Pathology serves three main functions in the Hospital: the provision of accurate diagnostic facilities, the provision of adequate data to aid in the return of the patient to health, and the provision of what industry calls quality control, that is, the assurance that therapeutic procedures are carried out with accuracy and with optimal speed and minimal disturbance of function. Sometimes these procedures are immediate, as, for example, the frozen section diagnosis that guides the surgeon to or away from amputation



of diseased tissue; at times prolonged, as in the establishment and maintenance of the suitable level of anticoagulant for a patient with coronary disease, or the determination through sugar levels of the continuing therapy and dietary control for a patient with diabetes.

Recent years have characterized a steady development of complexity in the laboratory procedures demanded. Whereas in the past many of the tests were relatively simple, such as determination of urinary protein or blood sugar levels, now the laboratory is concerned not only with these but also with far more complex procedures, such as determinations of enzymes in the blood, related to the transformation of amino acids or the uptake of radioactive isotopes by red blood cells.

The volume of work in the laboratory has grown 75 per cent in the last five years. This increase in work can be met only through the provision of more highly skilled personnel and more complex apparatus.

In the past year a grand total of more than 2,250,000 units of work was performed.

Closely associated with the laboratories is the Cancer Research Institute where advances in knowledge provide new diagnostic tests and new therapeutic procedures to be applied for the benefit of patients in the Hospital. The Cancer Research Institute is an integral part of the Hospital but is separately financed. The annual budget is approximately $400,000. The Institute provides all of the radioactive isotopes for the Hospital, whether for clinical or research use. Its research chemists, pathologists and crystallographers are available for consultation and in turn derive motivation and suggestions for research from the problems of patients. The Cancer Research Institute has a staff of 10 senior scientists with 54 supporting personnel. During the last year they produced 26 research publications.

The research is largely concerned with the basic chemistry of the cancerous processes, the methods of spread of cancer, and a better understanding of the dual role that X-rays and other radiations play in the causation and in the cure of cancer.

A survey of the extent and volume of medical services rendered to our patients provides satisfaction in the progress that has been made year by year in the application of modern medical methods in our Hospital.

REPORT of the FRIENDS

IN the early days of the "Friends of the Deaconess", the first money donated to the Hospital was earned by an enterprising member who sold eggs (five dozen for $2.75) from her pet flock of hens. The Friends are no longer selling eggs! — but the many projects they sponsor not only contribute financially to the Hospital, but also offer convenience and comfort to patients, visitors, Hospital personnel and the immediate public.

Success of the various shops and activities in the fiscal year 1960 enabled the Friends to benefit the Hospital in many ways financially. A total of $26,100 was contributed from funds raised through the prosperous operation of the Coffee, Flower and Gift, Thrift and Beauty Shops.

Included were gifts totalling $19,000 voted at the annual luncheon meeting held at the Country Club, Brookline, in May.

This donation enabled the Hospital to acquire a new page-master system costing $5,000; an autoanalyzer for the laboratories for $5,240; a sound projector for the School of Nursing; air conditioning for Harris Hall class rooms and an electronic filter for the operating rooms. The latter cost $6,600.

Two activities sponsored by the Friends provided double benefits — pleasure for the participants and funds for the School of Nursing. Deaconess Night at the Pops has become a traditional event, and this is an opportunity for the Friends and their friends, the medical and Nursing staffs, Hospital employees and others who wish to join a worthy cause to do so while enjoying music of the famed Boston Pops Orchestra at Symphony Hall. Proceeds from this event and from the annual Christmas Bazaar, a total of $2,719, were donated to the School of Nursing. The bazaar, held in December, offered a wide assortment of gifts appropriate for Christmas

giving. These included handmade Christmas decorations, children's articles, plants and greenery, home-baked cakes, cookies and candies, house decorations, "white elephant" items and a variety of unusual articles for all members of the family. The Friends and the Nurses worked together to serve the throngs of employees and visitors shopping in the festive Central Lobby.

Another tradition of the Friends — this in the spirit of hospitality — was the Open House held in the Central Lobby on December 20. Coffee, apple cider, and doughnuts were served to patients, visitors, employees and staff, with the Friends as hosts. Many letters of appreciation for this gesture of Christmas cheer and thoughtfulness have been received from grateful patients and their families throughout the world.

The Friends' Gift Cart, while not an outstanding money maker, has been of inestimable value to the bedridden, and the Diversional Therapy program has filled an urgent need of the recuperative patient requiring productive, interesting activity.

Mrs. Edgar C. Lane, Jr., of Wellesley Hills was elected president of the Friends at the annual meeting held in the Joslin Auditorium. She succeeded Miss Dorothy B. Seccomb of Boston. Previously, Mrs. Lane served as first vice-president of the Friends.

Others elected to office were Mrs. James T. Mountz of Weston, first vice-president; Mrs. William D. Ireland of Boston, second vice-president; Mrs. Richard H. Overholt of Dedham, recording secretary; Mrs. Lyman H. Hoyt of Brookline, corresponding secretary; and Mrs. F. Gorham Brigham of Brookline, assistant treasurer. Mrs. Shields Warren of West Newton was re-elected treasurer.

The passing of Mrs. Henry Porter and Miss Edith Wright, members of the Board of Directors of the Friends, is mentioned with sincere sorrow. They are remembered with true affection, and memorials have been established in recognition of their outstanding contribution to our Hospital.

The Friends are determined to maintain a membership of 500 or more, and cordially welcome newcomers to their ranks.

From a commendable past they strive for a most rewarding future.

Better Homes
ASK ABOUT
BEDSPECS

OFFICERS OF THE CORPORATION

President	Francis W. Capper Boston Safe Deposit & Trust Company 100 Franklin Street, Boston, Massachusetts
Vice Presidents	Howard D. Brewer 67 Union Street, Worcester, Massachusetts
	Laurens MacLure Boston Safe Deposit & Trust Company 100 Franklin Street, Boston, Massachusetts
Treasurer	Henry S. Rogerson 50 Federal Street, Boston, Massachusetts
Assistant Treasurer	Laurens MacLure Boston Safe Deposit & Trust Company 100 Franklin Street, Boston, Massachusetts
Clerk	Vincent P. Clarke 27 State Street, Boston, Massachusetts

EXECUTIVE COMMITTEE OF TRUSTEES

Chairman	Francis W. Capper
	John Barnard Vincent P. Clarke Theodore F. Koch Laurens MacLure Mrs. Eugene Mather James T. Mountz Henry S. Rogerson William B. Snow
Staff Representatives	Richard B. Cattell, M.D. Alexander Marble, M.D.

ADMINISTRATION

Executive Director	Robert D. Lowry
Associate Director	Wesley D. Sprague
Personnel Director	Ellen Adams
Director of Volunteer Service	Katharine C. Cook
Laundry Manager	Walter C. Emery
Purchasing Agent	W. Clifford Fisher
Director of Nursing	Ellen D. Howland
Social Service Director	Gertrude S. Jameson
Comptroller	Richard E. Lee
Public Relations Director	Edward G. McGrath
Credit Manager	Milton B. Nelson
Executive Housekeeper	Hilda T. Peacock
Director of Surgeries	Ruth E. Pendleton
Director of Engineering	Donald L. Sabine
Chaplain to the Hospital	Rudolph L. Samuelson
Chief Pharmacist	Charles F. Schraub
Chief Medical Records Librarian	E. Louise Seymour
Administrative Assistant	John F. Slayton
Office Manager	Bertina Terkelsen
Chief Dietitian	Effie May Winger

The TREASURER'S REPORT

THE New England Deaconess Hospital has ended another year without a deficit before depreciation despite a rapid increase in operating costs. Dollar volume of hospital charges increased by more than $700,000. Approximately $90,000 of this is represented by accounts receivable.

We are watching the accounts receivable closely and believe that collections will be as good as in the past, but that the level of receivables will tend to remain higher.

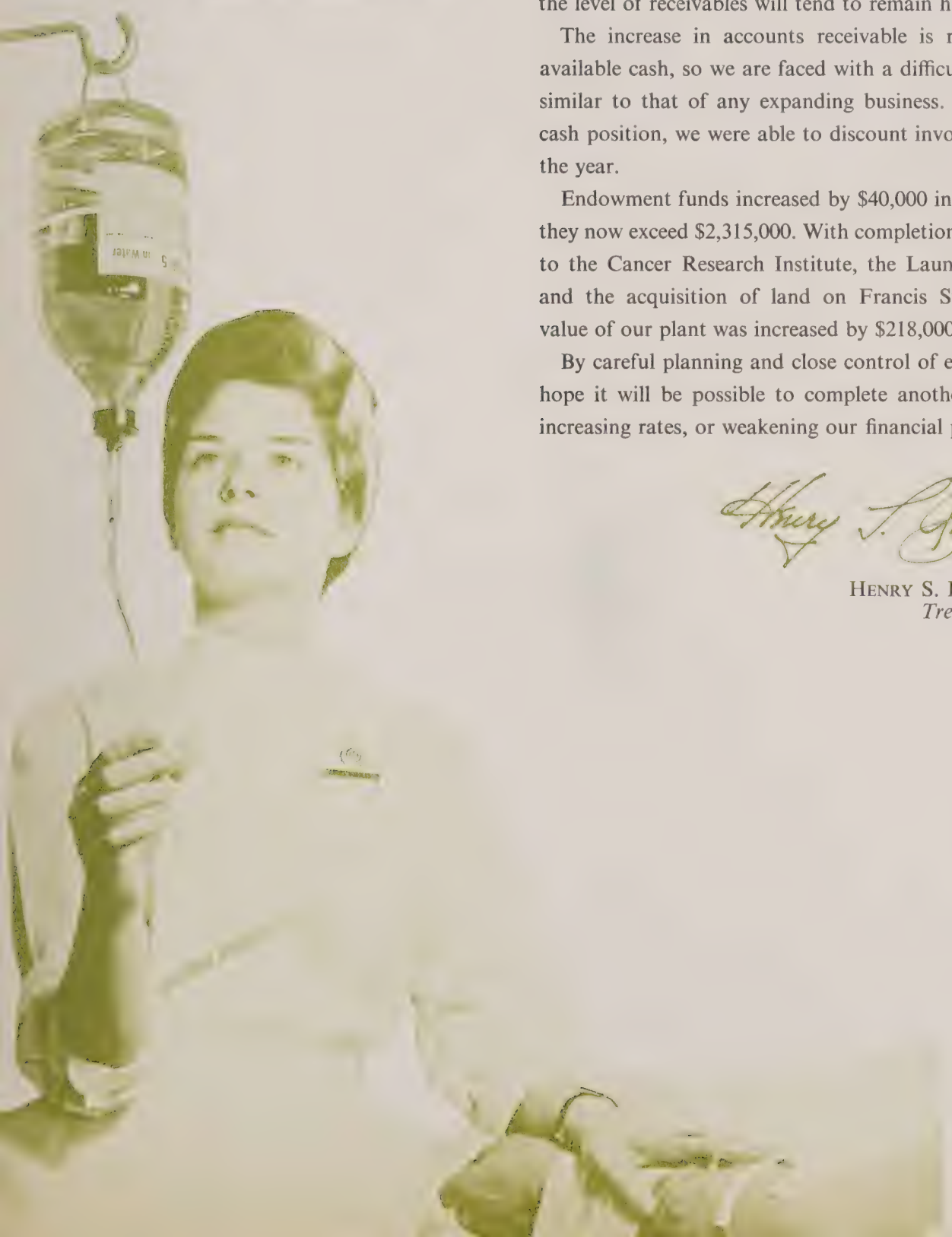
The increase in accounts receivable is reflected in our available cash, so we are faced with a difficult cash position similar to that of any expanding business. In spite of this cash position, we were able to discount invoices throughout the year.

Endowment funds increased by $40,000 in fiscal 1960 and they now exceed $2,315,000. With completion of the addition to the Cancer Research Institute, the Laundry and Shops, and the acquisition of land on Francis Street, the book value of our plant was increased by $218,000.

By careful planning and close control of expenditures, we hope it will be possible to complete another year without increasing rates, or weakening our financial position.

Henry S. Rogerson

HENRY S. ROGERSON
Treasurer



NEW ENGLAND DEACONESS HOSPITAL

ASSETS

GENERAL FUND

Current assets:		
Cash	$	89,182.14
Securities		50,744.94
Accounts receivable less reserve for uncollectible accounts		511,347.86
Inventories of supplies		198,720.50
Prepaid expenses		13,067.20
Total current assets		863,062.64
Due from Amortization and Depreciation Fund		2,200.00
Due from plant funds		69,054.72
		934,317.36

TEMPORARY FUNDS

Cash and securities — gifts, bequests, and reserves for special purposes	204,616.48
Amortization and Depreciation Fund:	
Cash and securities	42,661.97
	247,278.45

ENDOWMENT AND OTHER FUNDS PRESENTLY HELD AS ENDOWMENT

Investments and cash awaiting investment	2,175,676.08
Due from building and equipment funds	141,543.80
	2,317,219.88

BUILDING AND EQUIPMENT FUNDS

Land, buildings and equipment	9,469,151.22
Cash and securities	20,876.90
	9,490,028.12
	$12,988,843.81

NOTES: 1. Contingent liability on notes receivable discounted $41,774.33.

2. The Hospital is considering construction of a building for doctors' offices. The trustees, prior to September 30, 1960, had authorized $20,000 for architects' and engineers' services in connection with preliminary plans. A part of the work had been done at September 30, but no bills for services had been received.

BALANCE SHEET SEPTEMBER 30, 1960

LIABILITIES

GENERAL FUND

Current liabilities:		
Accounts payable and accrued expenses including withheld taxes		$ 400,925.74
Payments on mortgages due within one year		67,302.72
Total current liabilities		468,228.46
General fund		466,088.90
		934,317.36

TEMPORARY FUNDS

Gifts, bequests, and reserves for special purposes		204,616.48
Amortization and Depreciation Fund:		
Balance September 30, 1960	40,461.97	
Due to General Fund	2,200.00	42,661.97
		247,278.45

ENDOWMENT AND OTHER FUNDS PRESENTLY HELD AS ENDOWMENT

Funds	2,317,219.88
	2,317,219.88

BUILDING AND EQUIPMENT FUNDS

Building and equipment funds	4,649,624.71
Provision for depreciation of hospital building and equipment	3,302,106.68
Mortgages payable except amount shown in current liabilities above	1,327,698.21
Due to General Fund	69,054.72
Due to Endowment Funds	141,543.80
	9,490,028.12
	$12,988,843.81

NEW ENGLAND DEACONESS HOSPITAL

INCOME STATEMENT

For the Year Ended September 30, 1960

Hospital net income	$5,128,065.22
Operating expenses:	
Administration and general	673,182.29
Household and property	1,516,744.27
General professional care	1,378,387.36
Special professional care	1,497,815.88
Out-patient department	6,685.75
Pensions and annuities	74,631.91
	5,147,447.46
Surplus from operations	(19,382.24)
Add other income:	
From endowment funds and funds held as endowment including $4,834.77 charged to interest expense as income on an advance from endowment funds to building and equipment funds for the acquisition of needed real estate	154,296.94
Trustees of the Consumptives' Home	4,834.99
Donations	51,223.15
Pharmacy store net income	10,512.80
Miscellaneous	1,982.48
	222,850.36
	203,468.12
Deduct interest including $4,834.77 charged to interest expense as income on an advance from endowment funds to building and equipment funds for the acquisition of needed real estate	62,008.55
Surplus before provision for depreciation	141,459.57
Depreciation	326,992.64
Deficit after provision for depreciation taken from general fund	($ 185,533.07)

NEW ENGLAND DEACONESS HOSPITAL

GENERAL FUND ACCOUNT

For the Year Ended September 30, 1960

Balance October 1, 1959	$ 438,923.85
Add:	
Unrestricted legacies	116,116.26
Transfer from building and equipment funds — depreciation	326,992.64
Gain maturity of general fund securities	12.50
	882,045.25
Deduct:	
Transferred to building and equipment funds for obsolescence, construction and mortgage reduction	230,423.28
Deficit for year (see previous page)	185,533.07
	415,956.35
Balance September 30, 1960	$ 466,088.90

STATEMENT by ACCOUNTANT

Executive Committee
New England Deaconess Hospital
Boston, Massachusetts

I have examined the balance sheet of New England Deaconess Hospital as at September 30, 1960, the income statement and the analysis of general fund for the year then ended. The examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as were considered necessary in the circumstances.

The hospital, in accordance with prevailing practice, had not prior to 1952 made provision for depreciation, and alterations and improvements were charged to expense. From 1952 to 1959, in accordance with the regulations of the Massachusetts Division of Hospital Costs and Finances, six per cent of costs was taken as depreciation and entered in the accounts. For the year beginning October 1, 1959, the Massachusetts Division of Hospital Costs and Finances requires that depreciation on buildings and equipment be computed and entered in the accounts. It also requires that accumulated depreciation as at September 30, 1959 be computed and entered in the accounts. The hospital has reviewed its accounts and reinstated in its books the cost of buildings and equipment that have been written off or charged to expense. It has computed accumulated depreciation on such assets at usual rates and has entered the result in the books. The attached balance sheet reflects these entries and the income statement shows depreciation for the year ended September 30, 1960, computed on the assets at usual rates.

It has been the practice in the reports of the hospital in prior years to charge equipment and improvements to expense and to include gifts therefor in income. For the year ended September 30, 1960, because of the change in the requirements of the Massachusetts Division of Hospital Costs and Finances, equipment and improvements have not been charged to expense, but have been capitalized. If the former practice had been followed, the income for the year ended September 30, 1960 would have been increased $42,805.70 and expenses increased $191,096.85. This would have resulted in a deficit before provision for depreciation of $6,831.58 instead of a surplus of $141,459.57 as shown on the income statement.

In my opinion, subject to the foregoing paragraphs, the aforementioned statements present fairly the financial position of New England Deaconess Hospital as at September 30, 1960, and the results of its operations for the year then ended.

Boston, Massachusetts
February 11, 1961

(Signed)
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THE LORD IS THE STRENGTH OF MY LIFE OF WHOM SHALL I BE AFRAID
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A VERY PRESENT HELP